

Message Text

CONFIDENTIAL

PAGE 01 BANGKO 04265 170619 Z

11

ACTION EA-14

INFO OCT-01 ADP-00 COME-00 EB-11 SIL-01 LAB-06 CIAE-00

DODE-00 PM-09 H-02 INR-09 L-03 NSAE-00 NSC-10 PA-03

RSC-01 PRS-01 SS-14 USIA-12 AID-20 IGA-02 STR-08

OMB-01 T-03 CIEP-02 RSR-01 INRE-00 /134 W

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P R 170548 Z MAR 73

FM AMEMBASSY BANGKOK

TO SECSTATE WASHDC PRIORITY 1517

SECDEF WASHDC PRIORITY

INFO CINCPAC

CINCPACAF

USARPAC

COMUSMACTHAI

C O N F I D E N T I A L BANGKOK 4265

E. O. 11652: GDS-1979

TAGS: MARR TH

SUBJECT: RTG POLICY RE US MILITARY CONTRACTS

REFS: A. BANGKOK 3493

B. CINCPAC 070221 Z MAR 73

C. STATE 042106

1. IN ACCORDANCE REF C, WE HAVE ADVISED GENERAL KRIANGSAK THAT RESPONSE TO HIS LONG- STANDING INSISTENCE ON COMMITMENTS RE US MILITARY CONTRACTS WITH FOREIGN FIRMS IS UNDER URGENT STUDY IN WASHINGTON. WE UNDERSTAND COM- PLEXITY OF THIS ISSUE BUT REMAIN CONCERNED ABOUT POSSIBLE EFFECTS ON RTG COOPERATION IN OTHER IMPORTANT MATTERS IF WE NOT ABLE GIVE SUFFICIENTLY FORTHCOMING RESVNSE IN NEAR FUTURE. IN ORDER SHOW SOME FORWARD MOVEMENT TO RTG WE WILL GIVE KRIANGSAK REQUESTED LIST OF FOREIGN CONTRACTORS EARLY NEXT WEEK EVEN IF WE ARE NOT THEN ABLE TO RESPOND RE COMMITMENTS PENDING WASHINGTON GUIDANCE.

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2. RE CINCPAC SUGGESTION IN REF B, WE HAVE ALREADY TAKEN UP ORALLY WITH KRIANGSAK QUESTION OF MAINTAINING ADEQUATE COMPETITION IN ANY SHIFT TO LOCAL CONTRACTORS AND HE HAS ASSURED US THAT HE DOES NOT INTEND TO REQUIRE US MILITARY TO DEAL ONLY WITH RTG FIRMS OR OTHERWISE RESTRICT OUR CHOICE AMONG FIRMS REGISTERED IN THAILAND. WE THOUGHT WE HAD ADEQUATELY COVERED THIS POINT IN PARA B OUR PROPOSED REPLY WHICH REFERS TO " BIDDING OPEN TO ALL QUALIFIED FIRMS LEGALLY ENTITLED TO OPERATE IN THAILAND."

3. RE QUESTION OF TAXES, WE SOUGHT BROADER EXEMPTION LAST YEAR IN PROTRACTED NEGOTIATIONS AND PRIME MINISTER THANOM DENIED OUR REQUEST EXCEPT TO AGREE THAT WE MIGHT TAKE UP SPECIAL CASES INDIVIDUALLY. WHILE WE WILL MAKE EFFORT INJECT THIS POINT, OUTCOME OF LAST YEAR'S NEGOTIATIONS GIVES US NO REASON TO HOPE THAT RTG MIGHT RECONSIDER POSSIBILITY OF GRANTING GENERAL EXEMPTION FROM BUSINESS TAXES TO THAI FIRMS ON REVENUES EARNED UNDER US MILITARY CONTRACTS.

4. REQUEST REPLY REF A SOONEST.
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*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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30 JUN 2005

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